

Regulation No. 36

INSURANCE PLACED WITH COMPANIES NOT LICENSED IN ALABAMA

Section

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Section I. Licensing of surplus line brokers

Licensed resident agents or brokers of this state as to property, casualty, and surety insurance may be licensed as surplus line brokers to place in non-admitted carriers only those coverages authorized by their licenses as an agent or broker. Powers of the license as a surplus line broker are limited to those same powers for which he is licensed as an agent or broker. Authority under a surplus line broker's license is coterminous with an individual's authority as an agent or broker. The surplus lines law provides that an agent or broker who, at the discretion of the Commissioner, has sufficient experience in the insurance business may be licensed as a surplus line broker. It is hereby deemed that minimum qualifications for a surplus line broker are a combination of training and experience equivalent to high school graduation including at least three years recent fulltime experience in the property, casualty or surety insurance fields. The bond required by 27-10-24(3) supra, must accompany application for license and must be countersigned by an agent of an authorized surety company other than the applicant. The application should also be accompanied by the applicant's check for \$50.00 as required by Section 27-4-2 above. Surplus line brokers licenses will run for the calendar year, and the license fee may not be prorated for any portion of the year.

History – rescinds Regulation No. 36 (2-28-77); Eff. 4-28-89

Section II. Forms

The following forms have been designed for use in connection with the Surplus Lines Insurance Law. Copies of all forms may be obtained upon request to the Department of Insurance, State of Alabama, Montgomery, Alabama 36130. The right to amend, rescind, or add to these forms is reserved without amending this regulation.

Form Number	Title	Reference to Code
ID 80	Application for license as Surplus Line Broker	27-10-24 (1)
ID 12	Certificate of Surplus Line Broker	27-10-21
ID 13	Suggested Bond Form	27-10-24 (3)
ID 14	Report of Individually Procured Insurance with Insurer Not Licensed in Alabama	27-10-35(a)
ID 15	Annual Statement	27-10-30

History – Rescinds Regulation No. 36 (2-28-77); Eff. 4-28-89

Section III Eligible surplus line insurers

At appropriate times this Department will under the authority of 27-10-26, publish lists of certain unauthorized insurers which are known by this Department to be ineligible either as to financial requirements or as to claim practices. No inference should be drawn that surplus line insurers other than those so prohibited have been approved by the Insurance department. The law clearly places the responsibility on the broker. No lists of approved insurers will be published by this Department.

The National Association of Insurance Commissioners has established the Non-Admitted Information Office at 67 Wall Street, New York, New York 10005. The services of that office are available to surplus line brokers and others who may be interested by the payment of an annual subscription fee. That office can furnish a listing of alien non-admitted insurers that have filed financial data with one or more states or with a surplus line association cooperating with a state. The annual subscription fee will entitle each subscriber to these listings as issued and upon request copies of the independent insurer financial statements data at an additional minimal reproduction cost.

History – Rescinds regulation No. 36 (2-28-77); Eff. 4-28-89

Section IV Adjusters

27-10-2 and 27-10-35(g) of the law prohibit the adjuster from entering into the adjustment or investigation of any loss arising under a contract of insurance issued by an unauthorized insurer unless such insurance contract be lawfully issued as provided under the law. In order to assist adjusters in avoiding violations of this prohibition, the Department will maintain a file of coverages reported under the requirements of the law, either by surplus line broker or independently procured by the insured, and the necessary information to assure the adjuster that coverage was lawfully placed will be furnished the adjuster on request.

History – Rescinds regulation No. 36 (2-28-77); Eff. 4-23-89

Section V. Effective date

This regulation shall become effective ten (10) days from the date of certification that the properly executed regulation was delivered to the Secretary of State.

History – Rescinds Regulation No. 36 (2-28-77); Eff. 4-23-89